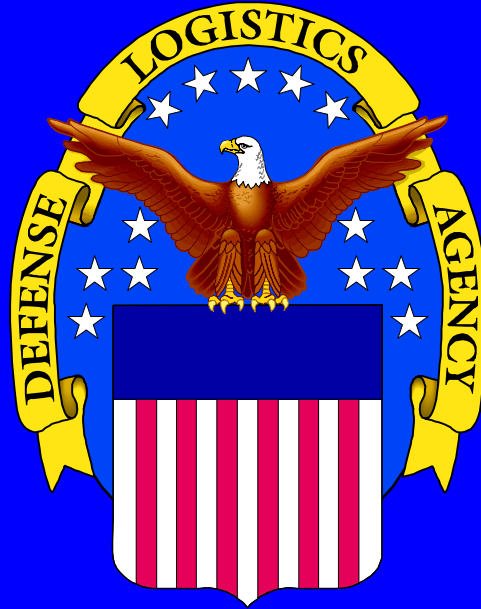


Defense Contract Management Command



Commander's Conference
Tysons Corner, VA
6 - 8 May 1997

"SHOW ME THE MONEY"



The Money Trail

➤ Checkbook Issues

- Administration/Payment of Small \$ DLA Contracts
- MOCAS Data Input Test
 - Other Disbursing Office Actions
- Credit Card Payments
-

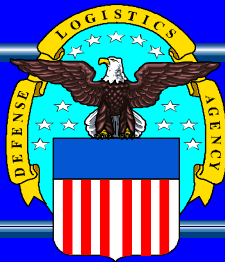
➤ Pocket Change

- DFAS Columbus Reorganization
- Progress Payments: IPT, DFARS Case, PreSigning
- CLIN/ACRN IPT
- Electronic Payment Initiative
- Commercial Item Payment Policy



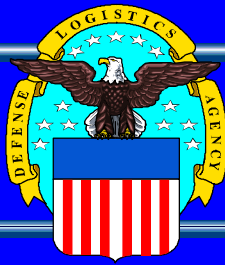
Background

- **DoD Financial Management Community Concerns (DoD Comptroller & DFAS)**
-
- **18 Dec 96 Letter From DFAS to DLA**
 - **DCMC Administration of Low Value Contracts**
 - **High Cost of Payment**
 - **Prevalidation Constipation**



DCMC Admin Of Low Value Contracts

- **Financial Management Community Concerns**
 - **Why 11,000 DCMC Contracts < \$2,500 at DFAS-CO?**
 - **Many items < \$100**
 - **Why Source Inspection**
 - **Commercial Items**
 - **Buying Offices on Auto Pilot?**



High Cost of Payment

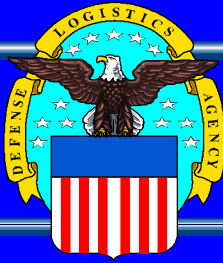
\$96.13 per Invoice paid in DFAS-CO

vs

\$18.74 per Invoice paid in SAMMS

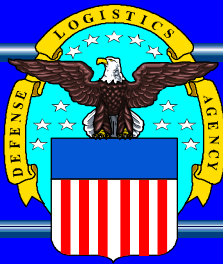
Approximate 100,000 DLA awards per yr < \$5000

Potential Savings to Switch > \$5M



Pre-Validation

- **FY97 DoD Appropriations Bill Conf. Rpt Requirement**
 - **Lowered Pre-Val Threshold to 0/for DFAS-CO payments**
 - **Pre-Val Threshold at \$1M for all other DFAS payments (SAMMS)**
 -
- **65% of DFAS-CO invoices < \$2,500**
-
- **Feb 97 Pre-Val Raised to \$2,500 for DFAS-CO**



Payment Of Smaller Dollar DLA Contracts

➤ ISSUE

- Moving DLA contracts <\$100K from payment in MOCAS to payment in SAMMS



➤ ACTIONS

- Initiated Systems Change Request to permit MILSCAP of these contracts
- Changing Regulation to Permit Payment in SAMMS, Administration in MOCAS



➤ STATUS

- Awaiting Systems Change - expected June 1997
- Postured to start July 1, 1997
- Develop Roll out Plan

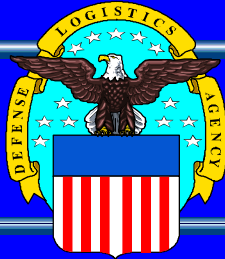
***“Goodbye
Columbus?”***





MOCAS Data Input Test Background

- DCMC input all ACO issued Delivery Order and Modifications
-
- DCMC requested to expand PCO direct input across DCMC
-
- DCMC/DFAS agreed to a 60 day test (February 3 - March 31)
-
- 13 DCMC Contract Administration Offices participated in test (Proof of Principle)



MOCAS Data Input Test (Proof-of-Principle Results)

Timeless: 3-5 Days after contract receipt - acceptable
Some backlog increased
DFAS standard is 4 docs/hr/person

Accuracy: DFAS and DCMC both at 93-94% - Acceptable
needs improvement - Provision Data Record

Status: DFAS Columbus Initial Position
DCMC Inputs Electronic Only
DCMC Position
Input All Contractual Documents
Preparing Recommendations
DFAS Columbus Willing to Transfer Some Resource



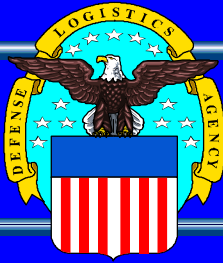
Other Disbursing Office (ODOs)

- **Issue - DFAS Columbus is no longer inputting ODOs into MOCAS**
 - **Due to workload and manpower constraints**
 - **Not reimbursed for ODOs**
- **HQ drafting policy**
 - **Permit CAOs to input ODOs**
 - **Backlog of 3000 (includes all)**
 - **“High Driver” CAOs Identified**
 - **Input Training Required**



Credit Card Payment

- **USD(FM) Request for DCMC to test paying contractors with Credit Card**
- **Five CAOs to Participate in One Year Test**
 - **Dayton, New York, Manassas, Bell Helicopter, South Bend**
 - **(5-7 Contracts)**
- **Issues: Merchants Fee (1 - 2 1/4%)**
 - **MOA Between DFAS + DCMC**
 -
- **Benefits: Contractor is paid faster; customer charged less for payments**
- **Ms. Tina Ballard, DCMC Liaison to AFMC, Project Lender**
-



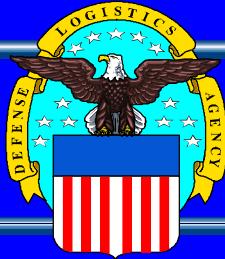
DFAS Columbus Reorganization

- **DFAS Columbus to reorganize this summer**
 - **Will go from 11 to 3 payment offices**
 - **380,000 contracts impacted**
- **FAR/DFARS Deviation**
 - **Modifications will be paperless**
 - **DFAS to notify contractors and buying activities**
 - **Painless approach preferred**



Simplified Progress Payments Working Group

- **Sponsor -- OSD (DDP)**
- **Charter - Review the relationship between progress payments and other forms of contract financing**
- **Goal --Reduce the administrative burden on contractors and contracting officers**
- **Schedule**
 - **Publish advanced notice of proposed rulemaking - May**
 - **Conduct Public Hearings - June 1997**
- **Recommendations from CAOs encouraged**



Progress Payment Allocation (DAR Case)

Background - Proposed by DDP As Result of DoD IG Audit of Titan IV Contract

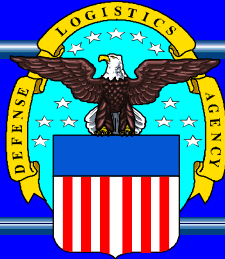
**Finding - Inequitable Allocation of Progress Payments to ACRNs
(Potential to Use Appropriation for Other Than Intended Purpose)**

**Current DFAS- Payments Pro Rated Among Appropriation Based on
Percentage of ACRN Effort**

Recommendation - Four Allocation Methods

- (A) Payments Based on Information Supplied IAW
Contract Requirements, E.G., CFSR**
- (B) Payments Distributed on a Proportionate Percentage
Basis**
- (C) Payments Using Oldest Funds First**
- (D) Payments Based on Unique Payment Distribution
Profile**

Status: Proposed Rule Expected to Be Issued in May



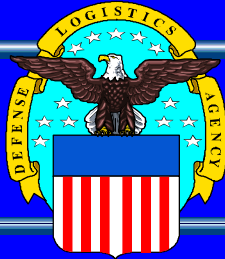
Progress Payment Presigning

- **Proposal - Permit EDI of some presigned progress payments to go directly to MOCAS**
- **Testing**
 - **System Change Request for SEPS**
 - **Requires special ACO authorization**
 - **Send 810 Transaction set to MOCAS**
- **Benefits**
 - **Invisible to contractor - No manual intervention**
 - **No MOCAS change or additional documentation**
- **Criteria for Contractor**
 - **Financially stable, satisfactory performance**
 - **Maintain adequate management systems**



CLIN/ACRN IPT

- **Sponsor: USD (FM) and DUSD (A&T)**
- **Charter - Make recommendations to simplify contract structure**
- **Key Recommendations**
 - **Limits on creating ACRNs and CLINs**
 - **Limit mixed-type contracts**
 - **Clarification to existing regulations and changes to MOCAS**
- **Schedule - Service comments to sponsors on April 28, 1997**



Electronic Payment Initiative

- **FY 98 Performance Plan Task 5.3 on EC/EDI has these goals:**
 - **Increase the number of contractors using EDI submission of payment request by 100%**
 - **Increase the number of payment request submitted via EDI by 50%**
- **All Payment Types**
 - **Cost vouchers (BVNs)**
 - **Progress payments**
 - **Commercial Invoices (DD250s)**

